Secure Access
at the Speed of Life

Board Meeting

March 17th, 2016

Seamless Identification

Seamless Access

Seamless Technology

Seamless Integration

Board Meeting Agenda

- **Part A: 2016 Work Plan and Budget (12-Month)**

  (See separate presentation)

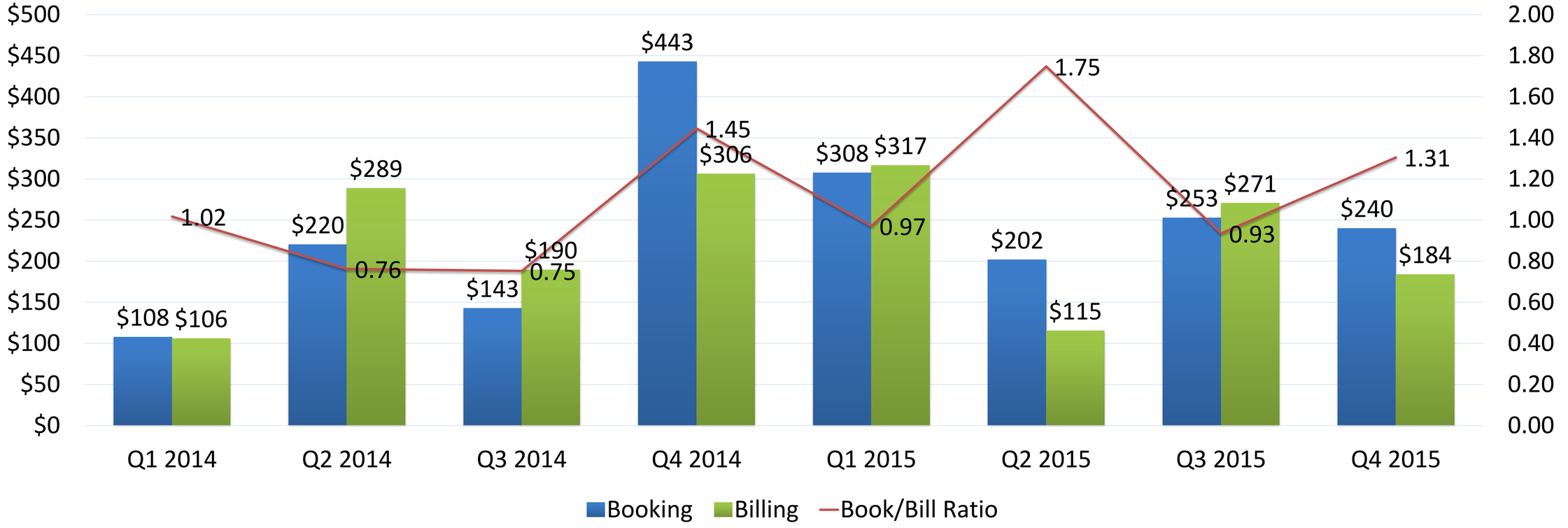
- **Part B:**
  - **Revenues Status**
  - **Distributors Status**
  - **Management Team Update**
  - **Approval of Minutes of last Board Meeting (See Appx. A)**
  - **2015 Financial Managerial Report (See Appx. B)**

FST BIOMETRICS all rights reserved ©

Confidential

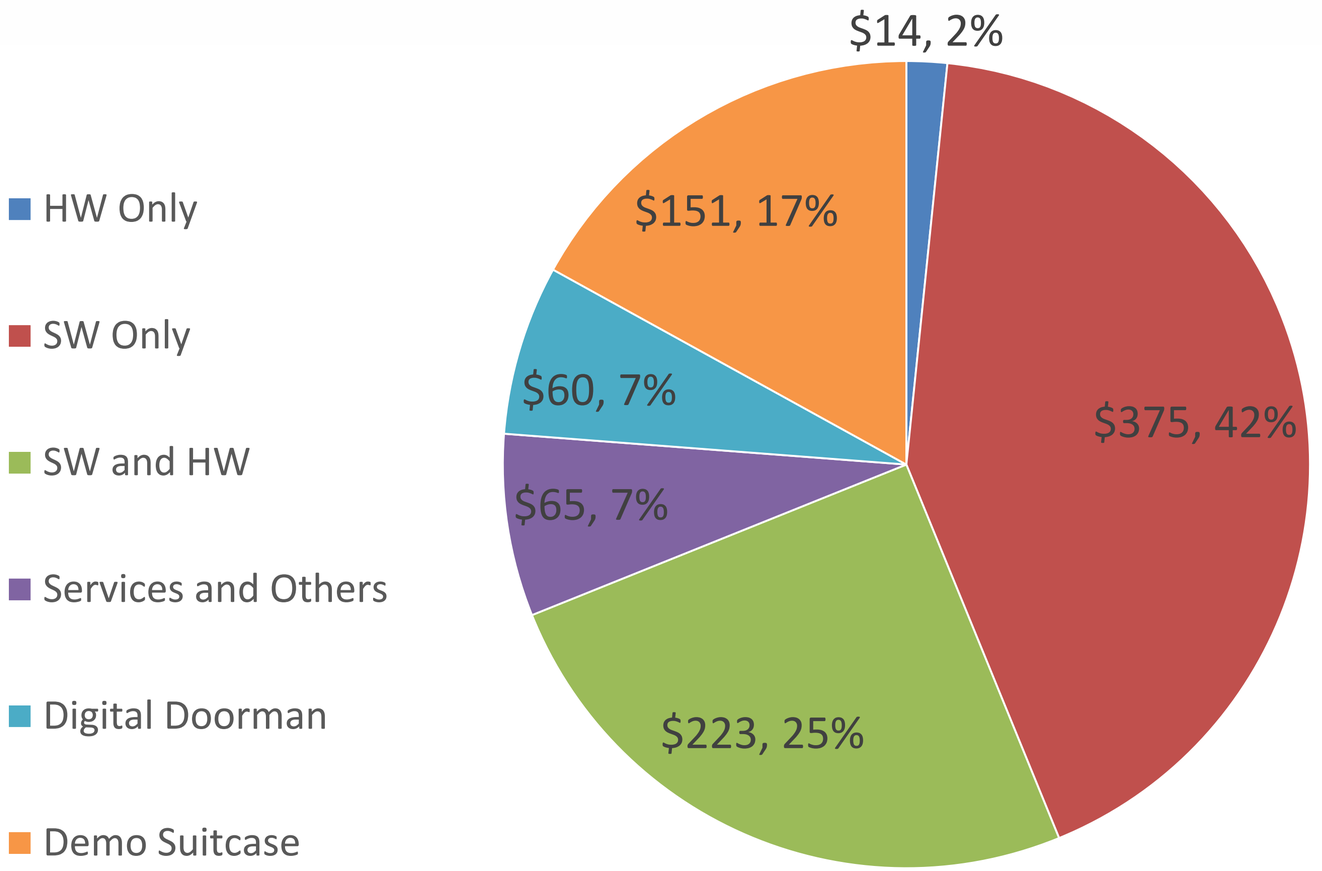
Revenues Report – Fiscal Year of 2015

- Total Revenues - $887K (same as 2014); Total Bookings - $1,115K (913K)
- Book/Bill Ratio – 1.26 ; Current backlog (confirmed orders) as of December 31st : $352K



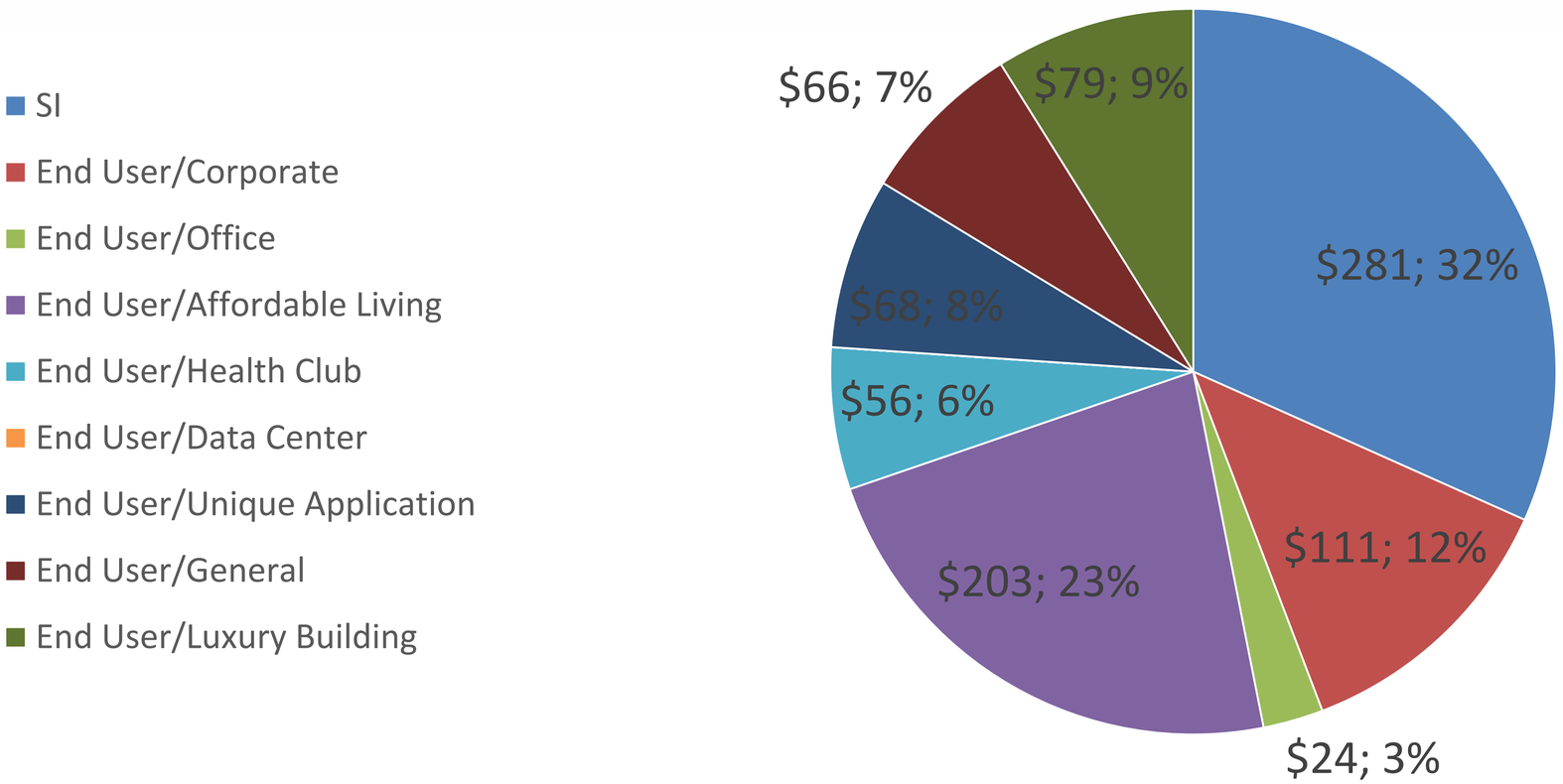
FST BIOMETRICS all rights reserved ©
Confidential

Revenues Report – by Product Type (in $K)



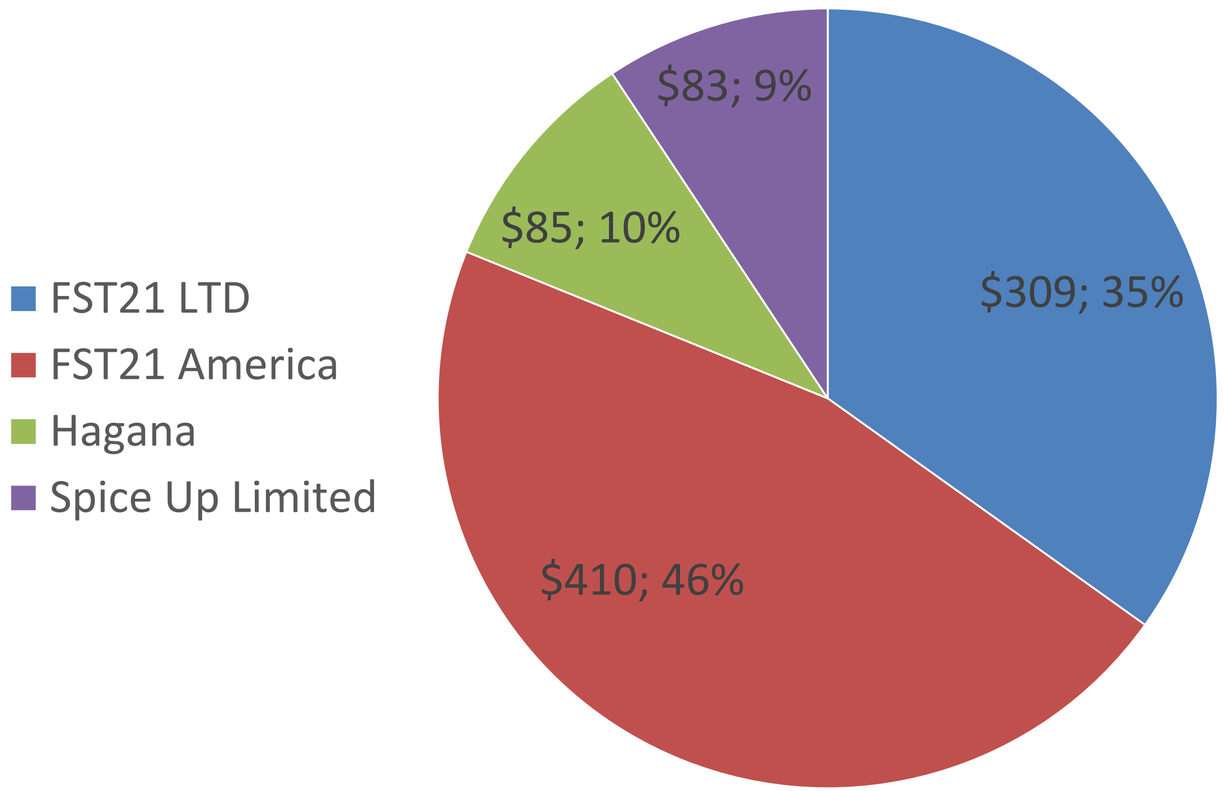
FST BIOMETRICS all rights reserved ©
Confidential

Revenues Report – by End User Type (in $K)



FST BIOMETRICS all rights reserved ©

Revenues Report – by Distributor (in $K)



FST BIOMETRICS all rights reserved ©

Revenues Actual Vs. Target

Channel	Actual 2015	Total 2015 Target	Variance in %
Israel	$309	$261	+18.4%
USA	$410	$1,102	-62.8%
AddOnAPAC	$83	$224	-62.9%
Brazil	$85	$180	-52.8%
Total	$887	$1,767	-49.8%

FST BIOMETRICS all rights reserved ©

Confidential

Distributors Status

- In progress discussions with:
  - AddOn APAC (Moshe Ashkenazi) – distribution agreement was extended in time (until 2018, assuming meeting sales quotas) and expanded to Australia, New Zealand, Taiwan, Philippines, Korea, Indonesia and Malaysia.
  - LV Holdings – In final stage of discussions regarding the termination conditions of the distributorship.

FST BIOMETRICS all rights reserved ©

Confidential

Management Team Update

- Mr. Zeev Botzer, our former COO, has left the company as of February 29th to explore new venues.
- We are following the current trend of consolidating Sales and Delivery. Therefore, Mr. Asher Wagner, our VP of Sales and Business Development, will be also in charge of the delivery that includes operations and support (further details regarding organizational structure are included in the 2016 work plan presentation attached herein)

FST BIOMETRICS all rights reserved ©

Confidential

THANK YOU

FST BIOMETRICS all rights reserved ©

Confidential

Appendix A

FST BIOMETRICS all rights reserved ©
Confidential

FST21 LTD.
(the "**Company**")

Minutes of a meeting of the Board of Directors
(the "**Board**")

which was duly convened and held on
November 22nd, 2015
at 14:05 at the offices of the Company in Rishon Letzion

Members Present:	Aharon Zeevi Farkash Ehud Barak Gil Lemel Zvi Neta (joined the meeting at 14:15)
Non Members Present:	Dan Vigdor (Observer of LV Holdings, over the phone) Mayer Gniwisch (Observer of FST Holdings Canada LLP, over the phone) Moshe Sheffer, CFO Yaron Zussman, CEO of FST21 USA, Inc. (Over the phone) Shahar Belkin, CTO (joined the meeting at 15:50) Asher Wagner, VP Sales Zeev Botzer, COO (joined the meeting at 15:50) Arie Melamed, CMO (joined the meeting at 15:50) Daniel Damboritz, Company counsel
Agenda Items:	Revenue Status and P&L Summary Year In Review Key Accounts Status Competitors Intelligence Update Approval of Previous Board Meeting Approval of Financial 2014 Statements Approval of ESOP Grants

A quorum was present at the meeting.

****

Introduction

Aharon Zeevi Farkash served as Chairman of the meeting. Aharon Zeevi Farkash called the meeting to order, and the meeting, having been duly convened, was ready to proceed with business.

Revenue Status and P&L Summary

Mr. Sheffer presented a report regarding the Company's Revenue Status and P&L Summary. The members of the Board then discussed and asked questions.

Year In Review

Mr. Zussman presented the revenue stream. The members of the Board discussed the Company's product and marketing efforts in detail, and various discussions were held with respect to the Company's efforts in the upcoming months.

Mr. Barak then left the Meeting; and Mr. Melamed, Mr. Botzer and Mr. Belkin joined the Meeting

Key Accounts and Competitors Intelligence Update

Mr. Zussman provided the Board with an update on the Company's key accounts and where the Company's competitors stand. Mr. Zussman provided a detailed overview of each competitor and responded to various questions.

Mr. Farkash concluded that the Company's plan for the first half of 2016 will be to balance its efforts between: Technology improvement (specifically lighting and fraud elements), Support and Sales in the US, Brazil and APAC. The Company will focus its Sales' efforts over the next 6-month period on non-challenging projects that will help in maintaining a reasonable monthly burn rate.

Approval of Prior Minutes

RESOLVED, that the minutes of the meeting of the Board held on [July 14], 2015 are hereby approved in the form previously circulated to the Board and discussed at this meeting.

Approval of the Company's Financial Statements for 2014

RESOLVED, to re-approve and ratify the audited financial statements of the Company for the fiscal year ended December 31, 2014, attached hereto as Exhibit A, and to deliver such financial statements to the shareholders of the Company for their review.

Option Grants

RESOLVED to approve the grant to each of the employees of the Company (the "**Grantees**") of the number of Options as listed under the "No. of Options" column next to the name of each Grantee, under the vesting terms and at the exercise price per share listed in Exhibit B, all pursuant to the terms and conditions of the Company's 2008 Israeli Incentive Option Scheme (the "**Plan**") and the Option Agreement to be entered into.

There being no further business, the meeting was adjourned at 16:20.

_____

Aharon Zeevi Farkash, Chairman

Appendix B

FST BIOMETRICS all rights reserved ©
Confidential

FST21 LTD

Unaudited Consolidated Managerial Financial Report for the Month ended - Dec-15

Profit & Loss Summary(K$)

	Q1 2015 Actual	Q2 2015 Actual	Q3 2015 Actual	Q4 2015 Actual	2015 YTD Actual
Revenues	317	115	271	184	887
COGS	136	94	124	104	458
Gross Profit (Loss)	**181**	**21**	**146**	**80**	**429**
Operating expenses					
R&D expenses	470	595	700	704	2,470
OCS Grants	(171)	(85)	(15)	(85)	(356)
Marketing expenses	179	201	155	170	705
Sales expenses	423	507	601	641	2,172
G&A expenses	210	251	281	263	1,005
Total Operating Expenses	**1,110**	**1,469**	**1,722**	**1,693**	**5,994**
Total EBITDA	**(929)**	**(1,448)**	**(1,576)**	**(1,612)**	**(5,566)**
Financial expenses, net	(5)	(3)	(1)	(1)	(11)
Exchange rate differences	6	(56)	(63)	(12)	(125)
Net loss	**(928)**	**(1,507)**	**(1,640)**	**(1,626)**	**(5,701)**

Cash Status as of December 31 2015-	**8,824**

Head Count

	Dec-15 Actual
R&D	17.0
Marketing	3.0
Sales	4.0
Operations	5.0
G&A	4.0
US	9.0
Total Head Count	**42.0**

FST21 LTD

Unaudited Consolidated Managerial Financial Report for the Month ended - Dec-15

Balance Sheet (K$)

	Dec-15
ASSETS	
Current Assets	
Cash and cash equivalents	8,824
Trade Recivables	590
Related party	43
Inventory	149
Other Recivables	155
Total current assets	**9,761**
Long Term Assets	
Fixed Assets	340
Accumulated Depreciation	(191)
Property and Equipment, Net	**149**
TOTAL ASSETS	**9,910**
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current Liabilities	
Bank loans	2
Trade Payables	317
Employees & Institutions	223
Related party	(0)
Other Payables	-
Total Current Liabilities	**542**
Owners loan	**-**
Shareholders' Equity	
Equity investment	35,598
Accumulated deficit	(20,529)
Profit (loss) this year	(5,701)
Total Shareholders' Equity	**9,368**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,910**
	-

FST21 LTD

Unaudited Consolidated Managerial Financial Report for the Month ended - Cash Flow (K$) **Dec-15**

	Dec-15
Cash Flows from Operating Activities	
Net Income (Loss)	(5,701)
Adjustments	
Expenses not involving cash flow:	
Decrease (Increase) in Receivables	(210)
Increase (Decrease) in Liabilities	(18)
Depreciation	3
Total Adjustments	(226)
Net cash used in operating activities	**(5,927)**
Purchase of fixed assets	(70)
Net cash used in investment activities	**(70)**
Cash Flows from Financing Activities	
Loan repayment	(14)
Issuance of share capital	14,437
Net cash provided by financing activities	**14,423**
Increase (decrease) in cash	**8,426**
Cash at beginning of period	**398**
Cash at end of the period	**8,824**
	0